



This performance audit of Transit's bus procurement program contains three parts. First, it establishes a method that Transit should use to measure bus quality, cost, and timeliness of procurement. Second, using this method, it determines the level of Transit's success in recent bus procurements. Finally, it identifies steps that Transit can take to increase the likelihood that upcoming bus procurements will be successful.

In calculating the recommended performance measures, we found that Transit has been generally successful in purchasing similar buses at lower cost than other transit entities we surveyed. However, Transit could strengthen its bus quality assurance efforts, and it cannot yet demonstrate that bus purchases have been timely.

Ultimately, implementing audit recommendations will facilitate reducing the cost, enhancing the quality, and improving the timeliness of Transit's bus purchases. By implementing these recommendations, Transit will be able to evaluate, improve, and demonstrate the effectiveness of bus procurement. In addition, implementation will ensure that bus procurement decisions are guided by county and Transit priorities and increase the likelihood that buses will meet customer, operator, maintenance, service, and regional needs.

Background

In the past 10 years, Transit has spent nearly \$1 billion on bus purchases and maintenance (\$342 million on bus purchases and \$653 million on bus maintenance). Transit's current fleet consists of more than 1,350 active vehicles.

The size of the financial investment and the significance of the service provided by Transit emphasize that an effective bus procurement program—one that ensures Transit buys the right buses, at the right price, and at the right time—is critical to Transit's operational and financial success.

Bus Procurement Performance Measurement

The significance of Transit's public investment calls for careful attention to monitor and continuously improve the bus procurement program. However, we found that neither Transit nor other public transit agencies we surveyed use performance measures to track the effectiveness of their bus buying program.

As part of the performance audit, we developed and applied a set of performance measures to recent purchases, for example, the number of fleet defects in each fleet. In doing so we found that:

- Transit has been generally successful in purchasing similar buses at lower cost than other transit entities we surveyed.
- Transit could strengthen its bus quality assurance efforts.
- Transit cannot demonstrate that purchases have been timely.

Bus Procurement Planning and Practices

We identified five areas where procurement planning and practices and quality assurance could be strengthened.

1. Transit has not yet completed a comprehensive analysis to determine if the fleet mix purchased has resulted in the lowest total cost of fleet ownership.
2. Transit's bus procurements are not specifically guided by Transit or county priorities and do not optimize the investment of resources.
3. During bus procurement, roles and responsibilities were sometimes unclear and did not fully facilitate achievement of goals.
4. The approach to bus quality assurance inspections is not regularly reviewed for appropriateness or cost-effectiveness.
5. The guidance for bus quality assurance inspections is incomplete and out of date.

Recommendations

The report recommends that Transit:

- Calculate bus procurement performance measures and develop improvement action plans during an annual retrospective process.
- Develop a prioritized set of strategic procurement goals.
- Update procurement policies and procedures to facilitate procurement goals and clarify roles and responsibilities.
- Fully analyze the costs and benefits of an array of fleet alternatives.
- Estimate and compare the full cost and anticipated benefits of utilizing Transit staff to conduct on-site bus inspections.
- Update inspection policy and procedure to define methods to achieve quality and ensure accountability.

Executive Response

The Executive concurs with each recommendation.